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**STATEMENT SUBMISSION TO U.S. SENATE COMMITTEE ON  
COMMERCE, SCIENCE, AND TRANSPORTATION**

**STATE OF THE UNITED STATES OLYMPIC COMMITTEE (USOC)**

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My recollection of the following chronology, facts, and personal interactions best describe my knowledge of alleged ethics violations by United States Olympic Committee Chief Executive Officer, Lloyd Ward, and the controversy surrounding them.

On or about April 4, 2002, following a meeting in the office of Hernando Madronero, the then Managing Director of International Relations, he shared with me a letter that he said was given to him by Lloyd Ward, the Chief Executive Officer of the United States Olympic Committee. The letter was from a company called "Energy Management Technologies," a division of WestBank Holdings LLC and was signed by Mr. Lorenzo Williams and Mr. Rubert Ward.

Madronero said that he thought it strange that Mr. Ward would show him the letter and asked me to look at it. The letter, dated February 19, 2002, thanked Mr. Ward for taking the time to review the attached business plan and noted that changes had been made to reflect Mr. Ward's suggestions from the initial plan. The letter contained a request for Mr. Ward's financial assistance in the form of either a loan or equity investment in the amount of \$150,000 for the purchase of 2-3 microturbines and funding to maintain its operations in the Dominican Republic.

I reviewed the business plan and noted that the plan called for marketing microturbines to educational institutions, resource recovery landfills, medical facilities, American ex-pats, law enforcement facilities and agriculture. The plan also contained a 5-phase strategic plan encompassing the Dominican Republic, Panama and Jamaica.

Nothing in the cover letter or business plan gave any indication that the business ventures proposed were in any way related to the United States Olympic Committee, Olympic family, sponsors, or the 2003 Pan American Games.

I then asked Mr. Madronero if Mr. Ward asked him to do anything related to the letter or business plan. Mr. Madronero's response was that he had not been asked by Mr. Ward to do anything related to the request or business plan. He added that he was asked by Lloyd Ward to keep him informed on developments in the Dominican Republic.

At that time, although I did not see any ethics issues associated with the letter, business plan, or Mr. Ward's request that Madronero keep him informed of developments in the Dominican Republic, I sought a second opinion and showed the letter and business plan to the USOC General Counsel, Mr. Jeff Benz.

We jointly concluded that there was no ethics matter associated with the request. Mr. Benz and I both decided that it would be important to ensure that if any contractual business or sponsor relationship contained the name of this company, "Energy Management Technologies," we would want to have an opportunity to review it to ensure that there were not any potential conflicts of interest. In that regard, Mr. Benz sent an e-mail to his staff at the end of our discussion.

I also informed the Chairman of the USOC Ethics Oversight Committee, Ken Duberstein, of the incident during a dinner meeting with him in at the Chicago Airport Hilton on the eve of the USOC Executive Committee Presidential election meeting. The information provided to Mr. Duberstein was routine and in line with keeping him informed of what I was doing. I did not, at that time, have any additional information that would cause me to believe there had been any breach of the USOC Code of Ethics by Mr. Ward.

It was not until 7 October, 2002 at a pre-arranged lunch with Mr. Madronero and another USOC employee that I learned from Mr. Madronero that he had helped Lloyd Ward's brother. During the lunch discussion, Mr. Madronero complained that he felt humiliated by being escorted off the USOC complex without any opportunity to say goodbye to his staff or return to his office to retrieve his personal effects. He also stated that he did not believe that Mr. Ward liked Hispanics and was offended by his treatment after all he had done to help Mr. Ward's brother.

At that point I said "What do you mean, helped his brother"? Before he could answer, I reminded Mr. Madronero of my earlier conversation with him wherein he told me he had not been asked to take any action in response to Mr. Ward showing him the letter. Mr. Madronero then said that it was no big deal and he had no interest in discussing the matter further, as he simply wanted to focus on getting on with his life and didn't want to jeopardize working out an agreeable severance with the USOC.

I told Mr. Madronero that he had an obligation to report to me what transpired and any report that he gave me would not be subject to any communication prohibitions contained in a severance agreement. I emphasized that I wanted to know exactly what he did to help Lloyd's brother, why he did it and if he had any supporting documentation that could verify it. Madronero then alleged that Lloyd asked him to call his brother and see if he could be of assistance in facilitating a meeting with the Pan American Games organizing committee. Madronero said that he did make some calls on behalf of Rubert Ward to Dr. Puello, the President of the Dominican Republic Olympic Committee and he believed that he had a couple of documents at his apartment, as well as a possible voice mail message left on his office phone from Lloyd Ward's brother, Rubert Ward. I asked him if there were any other calls or communications. He said that there were several calls but he only had the one voice mail.

I followed Mr. Madronero home, retrieved a copy of the February 19, 2002 letter, a handwritten note from Lloyd Ward to Mr. Madronero stating "An interesting proposal

that could be beneficial for the 2003 Pan Am Games. Let's discuss. Come see me this week."

Additionally, Madronero gave me a small undated handwritten note containing telephone numbers for Rubert Ward, allegedly given to Madronero by Lloyd Ward. I then asked Madronero to call his voice mail while we were at his apartment and transfer the call allegedly from Rubert Ward to my office phone.

On October 8<sup>th</sup>, I listened to and transcribed the voice mail from Rubert Ward, who thanked Madronero for his assistance and informed him that a meeting was scheduled with Dr. Puello on August 28<sup>th</sup> of 2002 in Santo Domingo to discuss the proposed business venture.

On or about October 11<sup>th</sup>, I sent a fax to Kenneth Duberstein, informing him of my discussion with Madronero and the documents provided by Madronero. I made a recommendation in that memo that "The Ethics Oversight Committee retain outside counsel to conduct the necessary interviews to determine the facts and circumstances surrounding the allegation and provide a report of findings to the Chair.

I spoke with Mr. Duberstein by phone on the 15<sup>th</sup> of October. During that conversation his initial position was that this was not an ethics matter but a management issue. I disagreed and following a discussion concerning the role and responsibilities of the Ethics Oversight Committee, my responsibilities and the President's responsibilities, he agreed to schedule a meeting of the Committee and asked me to send him documentation concerning my responsibilities, as well as that of the Oversight Committee and the USOC President. He also asked that I prepare a proposed course of action should the Oversight Committee decide to take up this matter.

On the 16<sup>th</sup> of October, 2002, I prepared and sent a memo to Mr. Duberstein containing the responsibilities of the Oversight Committee, my responsibilities as Chief Compliance Officer and the responsibilities of the USOC President. All of the information was extracted from the USOC Constitution, Bylaws, and Ethics and Compliance Policy III-1. Additionally, I proposed a course of action for proceeding if the Ethics Oversight Committee determined that this was properly a matter for committee review and investigation.

An Ethics Committee teleconference meeting was held at 12 noon EST on the 24<sup>th</sup> of October, 2002 to take up consideration of this matter. Documentation supporting the allegation was sent separately to each Ethics Committee member in advance of the call. As documented in meeting minutes, the Ethics Committee was informed of the allegation and my proposed course of action. The committee unanimously agreed to the following steps:

1. Retain outside counsel to determine the financial interests of Lloyd Ward in his brother's company and to determine whether or not there were other related communications involving Lloyd Ward, Hernando Madronero, Rubert Ward and

other staff. Counsel was to interview Hernando Madronero and then report back the results of that interview to the full committee before proceeding further.

2. The Chair of the Ethics Oversight Committee was to:
  - A. Inform Lloyd Ward of the allegations and the information received by the committee, to include all documents and transcripts.
  - B. Extend the committee's invitation to Mr. Ward to submit input or documentation for consideration by the committee.
  - C. Inform Mr. Ward that the results of the committee's investigation would either be closed, if unsubstantiated, or reported to the Executive Committee in accordance with USOC Bylaws.

At the next regularly scheduled Ethics Oversight Committee meeting held in Colorado Springs on November 2, 2002, the minutes taken by me during the October 24<sup>th</sup> teleconference were reviewed and approved by the committee and are a matter of record.

During the period between October 24<sup>th</sup> and the next teleconference meeting, on or about November 22<sup>nd</sup>, I contacted outside counsel, Fred Fielding, on several occasions to determine the status of his interviews. I was concerned that a matter of this potential significance to both Mr. Ward and the USOC was taking so long given that Mr. Fielding's charge by the committee was limited and his report was necessary to determining whether or not to proceed further. His response was always the same. He was working on it and would report to the committee chair when it was completed. During one of those calls he asked me if I would mind giving him my statement because there were some discrepancies in the recollection of others that he talked with and the initial information that I gave him. I agreed, gave him the information and then again pressed him to complete his work.

Eventually, a committee conference call was scheduled for November 22<sup>nd</sup> wherein Fred Fielding, the retained outside counsel, was to report the results of his interviews to the full committee. During a pre-conference committee call between Ken Duberstein, Fred Fielding, and me which was scheduled to enable Mr. Duberstein and me to hear the results of Mr. Fielding's interviews immediately prior to the full committee conference call, Mr. Fielding gave his verbal report. Upon the conclusion of that report Mr. Duberstein declared that this was "a lot about nothing." I said that it was a clear ethics violation. After several minutes of discussion with no agreement by me that this was not a clear ethics violation, the 3 of us agreed that a written report was necessary before further discussion of the matter. When the full ethics committee conference call began, Mr. Duberstein announced the need for a written report before discussions of this matter could continue. The committee agreed and set a time table to receive the report within 10 days. Mr. Fielding agreed to get the report to the committee and I committed to schedule another full committee meeting as soon as possible following receipt of the report by committee members.

Immediately following the call, Mr. Duberstein called me back and told me that this was a management issue and I needed to find a way to make this go away for my own good. I asked him if he was trying to infer that I should be worried about my job. I told him that he should not have such worry because I believed this was a clear ethics violation and would leave my job before I would ever entertain finding a way to make this go away. Mr. Duberstein then said that he was concerned that the Ethics Committee was being used for political purposes and he would not allow the Ethics Committee to be used for that purpose. I said that political issues should be considered as management issues but this was clearly not a political issue and would not change my position that I believed it to be a clear violation of the USOC Ethics Code. He again said that this was a lot about politics and I should think overnight about what he told me and call him back the next day.

I called him the next work day, I believe it was November 25<sup>th</sup>, and reiterated my position. It was at that time that Mr. Duberstein asked me to recuse myself from Ethics Committee deliberations on this matter because he believed that I did not like Lloyd Ward and he did not want any perceptions of conflicts of interest to be part of the Ethics Committee deliberations. I stated that I had no personal issue with Lloyd but did, of course, not like what I considered his violations of the USOC Ethics Code. I then agreed to recuse myself from further Ethics Committee deliberations and meetings, provided I was kept informed and that I would have an opportunity to review the committee's report and provide relevant facts to be considered by the committee. He agreed.

Subsequent to that date, I discovered additional documents which included:

1. A July 8<sup>th</sup> presentation cover letter to Lloyd Ward thanking him for taking the time to review and critique Energy Management Technologies planned presentation to the 2003 Pan American Games.
2. A copy of a 40 page presentation containing an organization chart listing Rubert Ward as President of Energy Management Technologies and what I believed to be proprietary photographs of athletes who competed in the Olympic Games in Sydney.
3. A fax cover sheet, dated September 10<sup>th</sup> and a fax letter addressed to Dr. Puello, from Lorenzo Williams, CEO of Energy Management Technologies regarding a pricing proposal, dated September 8<sup>th</sup>.

I sent those documents to all committee members in a memo prior to their next meeting, which was scheduled to be held on December 19<sup>th</sup> but subsequently changed to December 23<sup>rd</sup>. I also sent my conclusions to Mr. Duberstein in advance of the scheduled call.

In summary, it was and is my conclusion based upon a review of all known documentation that Lloyd Ward misused his position as Chief Executive Officer of the

United States Olympic Committee to facilitate potential financial gain for his brother and/or his friend, and in the process violated 4 provisions of the USOC Code of Ethics. Specifically he violated the following code requirements:

**CODE REQUIREMENT Protect information that belongs to the USOC, our donors, sponsors, suppliers and fellow workers.**

- Mr. Ward was aware of, or should have been aware that the “Energy Management Technologies” presentation contained proprietary Olympic photographs of athletes engaged in competition at the Sydney Games, which may not be used for commercial purposes.
- Because the “Energy Management Technologies” business plan did not call for marketing microturbines to the Pan American Games. The note given to Hernando Madronero clearly indicates that this was, at least in part, an initiative undertaken as a result of information provided by Lloyd Ward to “Energy Management Technologies” which he acquired as a direct result of his position with the USOC.

**CODE REQUIREMENT Avoid conflicts of interest, both real and perceived.**

- Lloyd Ward failed to disclose the business relationship with his brother, family friend, and another member of the Olympic family.

**CODE REQUIREMENT Never use USOC assets or information for personal gain.**

- Lloyd Ward used USOC staff and the name of the USOC to facilitate a potential business relationship for his brother and friend with another National Organizing Committee which could have resulted in substantial financial gain for his brother and/or family friend.

**CODE REQUIREMENT Recognize that even the appearance of misconduct or impropriety can be very damaging to the reputation of the USOC and act accordingly.**

- Lloyd Ward’s knowledge, associations, and assistance to his brother and family friend in their attempt to engage in a business transaction with a member of the Olympic family presented the clear perception of a conflict of interest.